

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (10/25):
BUTTER: Grade AA closed at \$1.0400. The weekly average for Grade AA is \$1.0383 (-.0192).

CHEESE: Barrels closed at \$1.0375 and blocks at \$1.0800. The weekly average for barrels is \$1.0485 (-.0625) and blocks, \$1.0800 (-.1400).

CORRECTION: In last week's glance, the barrel average was incorrect and should have read \$1.1110 (-.0230).

NONFAT DRY MILK: Extra Grade closed at \$0.9150 and Grade A at \$0.9300. The weekly average for Extra Grade is \$0.9150 (N.C.) and Grade A, \$0.9300 (N.C.).

BUTTER: Active cash trading continues to occur at the CME. Many producers and handlers speculate that prices are starting to edge lower as most yearend holiday orders have been placed. Churning activity is seasonally steady with cream supplies more available than usual for this time of the year. Often, fresh butter stocks are not sufficient to meet demand thus frozen/inventoried butter stocks are being used to supplement orders. Retailers are preparing for Thanksgiving needs and pulling contracted volumes into their distribution centers. Most butter producers and handlers are indicating that they should have fully adequate volumes of butter for yearend needs. Most are hoping that active sales, stimulated by retail feature activity, will clear good volumes of butter during the holiday period so that heavier than desired stocks will not carry over to the new year.

CHEESE: The cheese market is weak. Cash cheese prices at the CME have declined well under CCC purchase prices and year ago levels. Natural cheese orders remain somewhat disappointing seasonally. Process movement is generally fair at best. Some buyers are holding back purchases in anticipation of lower prices next week. Current offerings of cheddar remain heavy with tighter supplies noted on many specialty products. During the week ending October 25, CCC purchased 118,800 pounds of Midwestern process cheese. Cheese production remains seasonally heavy in the West and about steady in the Midwest and East. Cheese price weakness has caused at least a few producers to become less interested in supplemental milk supplies.

FLUID MILK: Milk intakes are increasing in the Southeast, though supplemental milk imports are still needed in Florida. Milk production is near the annual low point in the production cycle in the Northeast and upper Midwest where intakes are little changed. Milk receipts are higher in the desert Southwest. In California, milk production is strong across the state. Favorable weather conditions for milk cows are aiding in increased milk production in the Pacific Northwest. Milk receipts in Utah were lower this week while higher in Idaho. Overall Class I demand is generally steady. Production of holiday items such as eggnog is increasing as the holiday

season nears. Most manufacturing plants in the West continue to operate on heavy seasonal schedules. Operating schedules east of the Rockies are about steady at light to moderate levels. Weakness in cheese prices has some manufacturers less aggressive in seeking extra milk or wishing volumes were not as heavy.

DRY PRODUCTS: The whey markets are firm and prices are higher. Production has increased in the Central region and remains heavy in the West. Supplies range from sold out to generally in balance. The WPC market is steady to firm. Supplies are generally tight for a light trading interest. Some producers are shorting orders due to limited supplies. The NDM markets are also firm with spot supplies limiting activity. Some sellers worry that the collapse in cheese prices may cause NDM and condensed skim use by cheese manufacturers to slow. The buttermilk market is mostly steady. Ice cream use depends on location with more southern areas still using heavier volumes of condensed. Drying schedules are heavier further north and dependent on churning levels.

CCC: During the week of October 21 - 25, CCC purchased 974,280 pounds of Western low heat NDM. They also purchased 118,800 pounds of process cheese under the price support program, the first cheese activity since late September. On October 23, the Kansas City Commodity Office announced the sale of 1,110,065 pounds of NDM from CCC inventory for the manufacture of casein/caseinate under Invitation 004 to Announcement RSCS1. Prices ranged from \$0.26 - 0.30 per pound. CCC also sold another 316,906 pounds of NDM back to the trade during the week ending Oct 18.

COLD STORAGE (NASS): During September, U.S. cold storage holdings of butter totaled 211.4 million pounds, 18 million pounds (8%) less than August and nearly double the total for last September. Natural American cheese holdings total 514.7 million pounds, off 49 million pounds (9%) from a month ago, but 6% higher than a year ago. Nonfat dry milk holdings at the end of August totaled 1,324 million pounds, 70 million pounds (6%) more than July and 394 million pounds (42%) above last Aug.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during the first 8 months of 2002 totals 111.9 billion pounds, 0.3% lower than the same period in 2001. Comparing disappearance levels with year earlier levels: butter is -0.3%, American cheese, +0.3%, Other cheese, +0.8%, NDM, -26.0%, and fluid milk products, +0.1%

CONSUMER PRICE INDEX (BLS): The September CPI for all food is 176.4, up 1.3% from September 2001. The dairy products index at 166.3, is down 1.8% from a year ago. The following are the September to September changes for selected products: fresh whole milk -4.0%, cheese -1.9%, and butter -20.3%.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY OCTOBER 21	TUESDAY OCTOBER 22	WEDNESDAY OCTOBER 23	THURSDAY OCTOBER 24	FRIDAY OCTOBER 25	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.0925 (-.0075)	\$1.0375 (-.0550)	\$1.0375 (N.C.)	\$1.0375 (N.C.)	\$1.0375 (N.C.)	(-.0625)	\$1.0485 (-.0625)
40# BLOCKS	\$1.1100 (-.0400)	\$1.0750 (-.0350)	\$1.0675 (-.0075)	\$1.0675 (N.C.)	\$1.0800 (+.0125)	(-.0700)	\$1.0800 (-.1400)
BUTTER							
GRADE AA	\$1.0400 (-.0175)	----	\$1.0350 (-.0050)	----	\$1.0400 (+.0050)	(-.0175)	\$1.0383 (-.0192)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$1.0383 and Grade A price is \$0.9300. NDM information remains available at the above internet address.)

CHICAGO MERCANTILE EXCHANGE

MONDAY, OCTOBER 21, 2002

CHEESE — SALES: 1 CAR BARRELS @ \$1.0975; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.0925; 6 CARS 40# BLOCKS: 1 @ \$1.1100, 1 @ \$1.1300, 1 @ \$1.1400, 1 @ \$1.1500, 2 @ \$1.1700

BUTTER — SALES: 37 CARS GRADE AA: 6 @ \$1.0500, 1 @ \$1.0400, 1 @ \$1.0425, 1 @ \$1.0450, 3 @ \$1.0400, 2 @ \$1.0350, 2 @ \$1.0375, 1 @ \$1.0300, 3 @ \$1.0325, 1 @ \$1.0300, 1 @ \$1.0250, 1 @ \$1.0275, 1 @ \$1.0250, 1 @ \$1.0275, 2 @ \$1.0200, 1 @ \$1.0150, 1 @ \$1.0200, 1 @ \$1.0150, 1 @ \$1.0175, 1 @ \$1.0200, 2 @ \$1.0150, 1 @ \$1.0275, 1 @ \$1.0375, 1 @ \$1.0400; BIDS UNFILLED: 11 CARS GRADE AA: 4 @ \$1.0150, 2 @ \$1.0100, 5 @ \$1.0000; OFFERS UNCOVERED: 5 CARS GRADE AA: 1 @ \$1.0575, 2 @ \$1.0600, 1 @ \$1.0700, 1 @ \$1.1000

TUESDAY, OCTOBER 22, 2002

CHEESE — SALES: 3 CARS BARRELS: 1 @ \$1.0600, 2 @ \$1.0350; 1 CAR 40#BLOCKS @ \$1.0550; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0375; 1 CAR 40# BLOCKS @ \$1.0750; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.1000, 1 @ \$1.1200

WEDNESDAY, OCTOBER 23, 2002

CHEESE — SALES: 7 CARS 40# BLOCKS: 1 @ \$1.0750, 1 @ \$1.0600, 1 @ \$1.0850, 1 @ \$1.0600, 1 @ \$1.0750, 1 @ \$1.0650, 1 @ \$1.0750; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0375; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.0675, 1 @ \$1.0750, 1 @ \$1.0800

BUTTER — SALES: 40 CARS GRADE AA: 1 @ \$1.0150, 1 @ \$1.0125, 6 @ \$1.0100, 1 @ \$1.0200, 1 @ \$1.0225, 2 @ \$1.0250, 1 @ \$1.0275, 5 @ \$1.0250, 5 @ \$1.0275, 5 @ \$1.0250, 1 @ \$1.0275, 8 @ \$1.0300, 1 @ \$1.0325, 2 @ \$1.0350; BIDS UNFILLED: 21 CARS GRADE AA: 5 @ \$1.0200, 5 @ \$1.0125, 5 @ \$1.0100, 1 @ \$1.0075, 2 @ \$1.0050, 1 @ \$1.0000, 2 @ \$0.9900; OFFERS UNCOVERED: 13 CARS GRADE AA: 1 @ \$1.0350, 3 @ \$1.0375, 2 @ \$1.0400, 2 @ \$1.0600, 2 @ \$1.0650, 2 @ \$1.0700, 1 @ \$1.0850

THURSDAY, OCTOBER 24, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, OCTOBER 25, 2002

CHEESE — SALES: 2 CARS 40# BLOCKS: 1 @ \$1.0675, 1 @ \$1.0800; BIDS UNFILLED: 1 CAR BARRELS @ \$1.0375; OFFERS UNCOVERED: NONE

BUTTER — SALES: 12 CARS GRADE AA: 1 @ \$1.0300, 2 @ \$1.0250, 1 @ \$1.0275, 2 @ \$1.0350, 1 @ \$1.0375, 1 @ \$1.0325, 1 @ \$1.0375, 1 @ \$1.0350, 1 @ \$1.0375, 1 @ \$1.0400; BIDS UNFILLED: 16 CARS GRADE AA: 2 @ \$1.0300, 2 @ \$1.0275, 4 @ \$1.0250, 2 @ \$1.0200, 1 @ \$1.0150, 3 @ \$1.0100, 2 @ \$1.0000; OFFERS UNCOVERED: 3 CARS GRADE AA @ \$1.0500

BUTTER MARKETS

SEPTEMBER COLD STORAGE

According to NASS, September month-ending cold storage figures for butter total 211.4 million pounds, 91% higher than the amount held last September, but 8% less than August 2002 holdings.

NORTHEAST

The market tone remains unsettled now that the CME price (through October 21) has seen its first decline in October. The CME price had been higher or unchanged since September 30. Trading at the CME remains very active with many loads being sold. Mostly sales are initiated by bids. Churning activity in the East is about steady, but some butter/powder plants continue to ship Grade A milk to Southeastern buyers, which does impact their churning schedules. However, there is plenty of frozen butter available and some print orders are filled by microfixing. Retailers are preparing for Thanksgiving needs and pulling contracted volumes into their distribution centers. However, unless featured, retail prices remain high. Food service orders are holding steady. Sales of bulk butter, f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

CENTRAL

The cash butter price at the CME fell in early-week trading. Monday's decline was the first "minus number" since September 30. Trading activity at the CME

was heavy with 37 loads selling on Monday and 40 loads clearing on Wednesday, October 23. Production levels are about steady at moderate levels. Excess cream volumes are mixed and range from light to moderate. Butter stocks are more than ample to meet current needs. However, some occasional tightness is noted on fresh butter. Retailers anticipate improved sales for the holidays and many have already pulled contracted volumes into their distribution systems. Retail prices are still high, but features seem to be more frequent. Food service orders are about steady. Bulk butter for spot sales is selling in a range of flat – 2 cents per pound over various pricing basis.

WEST

Good orders are noted from buyers preparing for the year end holidays. Frozen stocks continue to be pulled out of storage to supplement fresh supplies to meet the ongoing demand. Production remains relatively heavy for the end of October. Cream supplies continue to enter churning operations at a steady pace. Contacts note the extremely heavy trading activity at the cash CME butter market and the resulting weakness in the market. Most believe that there will not be a major price run up in butter this fall. U.S. cold storage holdings of butter at the end of September stand at 211.4 million pounds, more than 100 million pounds higher than last year. Stocks did decline about 18 million pounds during the month. Weekly CME butter stocks declined by 3.37 million pounds this past week. This is the smallest decline in four weeks. Current prices for bulk butter range from 6 cents under to flat market based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY	MILKFAT	
	40# BLOCKS	BARRELS 38% MOISTURE				CLASS II	ALL CLASSES
OCT 19	1.2750 7,917,966	1.1516 10,575,155	0.9194 18,409,275	1.0020 4,601,956	0.2132 11,411,241	1.3131 2,261,960	1.2995 4,592,615

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Following the changes at the CME, prices are sharply lower on natural cheddar and Muenster, moderately lower on process, and unchanged on Swiss. The market tone is unsettled. Starting in mid-September, the CME block cheese price steadily climbed and reached \$1.30 on September 30, but has retreated in relatively short order to pre-run-up levels. In fact, as of October 21, trading levels for both blocks and barrels are again below their respective CCC support purchase prices. Eastern cheese output is mostly steady to lower depending on individual plant milk receipts. Demand for cheese at the producers' level is lackluster. Buyers, seeing plenty of cheese inventories, are buying for immediate needs. The lower prices may stimulate some additional buying interest at the wholesale level. High retail prices continue to be cited as a big factor in the sluggish sales. Food service orders are fair. Producers indicate that mozzarella orders are not as brisk as years past.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2825-1.7775
Cheddar Single Daisies	:	1.2400-1.7000
Cheddar 40# Block	:	1.3600-1.5900
Process 5# Loaf	:	1.3200-1.5050
Process 5# Sliced	:	1.3400-1.6150
Muenster	:	1.4450-1.6500
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is weak. Current cash cheese prices are well below both CCC purchase prices and comparable year ago levels. The barrel/block spread has narrowed to near normal levels. Overall demand for cheese is softer than normal for fall. Many buyers are also delaying orders, anticipating that prices might soften further. CCC has already resumed purchasing process cheese from Midwestern processors under the price support program, the first such activity in about a month. Process movement is generally fair at best. Mozzarella interest is moderate to good under current price conditions. Lead times on other specialty products are holding. Milk intakes are generally lower though fat and protein levels are steady to higher. Regional milk supplies are tight.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.2900-1.5500
Brick And/Or Muenster 5#	:	1.6400-1.7800
Cheddar 40# Block	:	1.5600-2.1150
Monterey Jack 10#	:	1.8200-2.1150
Blue 5#	:	1.9725-2.3200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5250-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.9000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	OCTOBER 21 - 25, 2002
BARRELS*	:	\$1.0350 - 1.1200 (NOMINAL)
	:	(-.0925) (-.0300)
40# BLOCKS	:	\$1.0550 - 1.2600 (NOMINAL)
	:	(-.1800) (-.0750)

() Change from previous week. * If steel, barrel returned.

WEST

Most Western contacts were not surprised at the weakness noted on the CME cash cheese market over the last two weeks. Their production remains relatively heavy and demand is not up to expectations. Demand had slowed as the market began to weaken, but buyers don't see much downside risk at this time and are back in the market for normal weekly volumes. Some cheese was offered from the Midwest to the price support program on October 22. Stocks of under grade cheese remain burdensome on the market and may stay that way for an extended period because of the volumes involved and the lack of any real demand materializing. U.S. stocks of American cheese at the end of September stand at 514.7 million pounds, up 5.6% from last year but 8.7% less than last month. The draw down of almost 50 million pounds for the month of September is about double the average draw down for the last five years. Swiss stocks at the end of September stand at 16.1 million pounds, an increase of 54.3% from the same time last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2625-1.5225
Cheddar 40# Block	:	1.3425-1.4825
Cheddar 10# Cuts	:	1.5225-1.7425
Monterey Jack 10#	:	1.5325-1.6925
Grade A Swiss Cuts 6 - 9#	:	2.2600-2.4100

FOREIGN

Prices are unchanged on imported styles, sharply lower on most domestic types. The market tone is improving slowly along seasonal patterns. Retail prices for most table cheeses remains high and are having an impact on consumption. Cheese supplies are generally adequate to meet current needs. Imports are steady, but expected to be winding down as we near the end of the year.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.3900	: 1.5775-3.0625*
Gorgonzola	: 3.2400-5.9400	: 2.0950-2.4900*
Parmesan (Italy)	: TFEWR	: 2.9875-3.0775*
Romano (Italy)	: 2.1000-3.1900	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.5850-1.8125*
Romano (Cows Milk)	: -0-	: 2.7750-4.9450*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7500-3.6900	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.6000-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-2.9900	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
10/21/02	60,538	131,698
10/01/02	63,773	134,914
CHANGE	-3,235	-3,216
% CHANGE	-5	-2

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	187	0	200	0	74	0
SOUTHEAST STATES	0	0	0	0	49	0

During September, milk production in the 20 major states totaled 11.75 billion pounds, up 3.3% from September 2001. The following are the September-to-September changes for selected states: Texas +9.3%, New York +3.3%, Virginia +1.4%, Florida unchanged, Vermont -0.9%, Pennsylvania -0.8%, and Kentucky -3.2%. Milk production is steady to heavier in the region. The weather is cooler and some areas in New York and New England experienced rain and snow during the past week. Some snow accumulations were reported early in the week in central New England. The cooler weather in the Southeast is helping milk output rebound. Output in the Northeast is steady at or near the low point in the annual cycle. In the Southeast, milk production is coming up in most states, but the need for milk in Florida continues. Butterfat and protein tests of incoming milk are little changed from the past few weeks. Bottled milk sales range from fairly good to poor, mostly steady. In areas where milk sales were slower, more surplus milk was evident. Elsewhere, surplus milk volumes are light and many operations are running on abbreviated schedules. Southeastern and some Middle Atlantic manufacturing plants are operating on limited schedules. The condensed skim markets are unchanged and prices are steady to higher. Some producers are trying to push Class III prices higher, but with mixed success. The fluid cream market remains mixed, but was quite soft early this week. Suppliers report having quite a bit of cream to clear on Tuesday, but were in better shape when Wednesday's orders came in. Spot prices are often higher due to the moderate increase in the CME average butter price last week. However, multiples moved lower early in the week. There were reports of some large cream users offering cream rather than buying spot loads this week. Another indication that some users feel that they have enough cream was the report that they are becoming less flexible when it comes to accepting loads. Ice cream output is about steady at moderate levels. Cream cheese output is moderate to heavy, but some producers are not looking for spot loads. Apparently they have enough cream under contract to meet their needs. Sour cream and dip production is picking up as Thanksgiving needs should soon be shipped, if they have not already been delivered. Churning activity ranges from light to heavy, mostly moderate.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3748-1.4594
DELIVERED EQUIVALENT ATLANTA	-	1.3959-1.5017 M 1.4065-1.4382
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.3642-1.5017

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9850-1.0300
NORTHEAST- CLASS III - SPOT PRICES	- .8700- .9500

M I D W E S T

Class I demand is about steady though the closing of schools for teacher conventions in some states reduced school account needs. Some egg nog is being produced with additional production scheduled to start next week. Milk supplies remain tight seasonally. Declines in cheese prices in recent weeks have caused some cheese buyers to reduce/delay cheese orders and spot milk demand has slowed from some accounts. Spot milk prices are also being pressured. Reported spot manufactured milk prices range from \$1.50 - 2.50 over class. At least one holiday milk buyer/manufacturer has already been approached with an offer for the yearend holidays. Cream demand continues to hold up,

aided by some feature activity and holiday flavor ice cream production. Sour cream, whipping cream, and dip output is steady to somewhat heavier in preparation of the holiday season. Condensed skim interest is good with reported prices steady. Current plant milk receipts are irregularly about steady with a few plants noting slight increases in intakes from recent weeks. Most plant intakes remain above year ago levels. Fat and protein tests on incoming milk are steady to slightly higher, improving manufactured product yields. Plant managers mention losing producers, either to sellouts as well as to other milk buyers. Producers are reported as more vocal. Several inches of snow blanketed some central and northern sections of the upper tier of Midwestern states. However, much of the cover has since melted though a midweek storm brought additional flurries as well as rain.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	OCT 17 - 23	PREVIOUS YEAR
SLAUGHTER COWS	\$ 32.00- 39.00	\$ 36.00- 42.00
REPLACEMENT HEIFER CALVES	\$350.00-550.00	\$400.00-625.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	OCT 17 - 23	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.00- 45.00	\$ 39.00- 44.50

W E S T

September milk production totaled 11.75 billion pounds, 3.3% higher than September 2001. Output versus a year ago was steady or higher in 16 of the 20 states. September 2002 output for selected Western states compared to last year is as follows: Arizona +15.7%, California +5.9%, Idaho +6.1%, New Mexico +13.1%, and Washington +1.1%. Third quarter (July - September) 2002 comparisons for Western States compared to 2001 are: Arizona, +17.2%; California +5.9%; Colorado +14.1%; Idaho +5.5%; New Mexico +14.1%; Oregon +27.7%; Utah +3.1% and Washington +1.1%. CALIFORNIA milk production levels are noted to be rather strong across the state at levels similar to reports. Fluid milk orders are mostly steady with recent weeks and bottlers are set in filling school orders. Retail orders are mostly steady. Milk output is lower seasonally in the northern areas with feed and pasture growth declining. Plant intakes are higher than a year ago. Central Valley milk production remains strong and plants are running strong to support some recent increases. Weather conditions have been favorable for production increases. In the South, milk volumes are steady to higher. Processing plants are running strong to process local milk supplies. Milk output in ARIZONA is unchanged to slightly higher. Daytime temperatures are moderate and nighttime conditions are cooling. Dairies are seeing seasonal increases in output per cow. There are concerns over low milk prices and the lack of working capital to buy cows to fill expansions. NEW MEXICO milk production is trending seasonally higher on a weekly basis at levels well above last year. Handlers are taking milk for processing. Cheese producers would often like less milk in the face of recent cheese price declines. The CREAM market is mostly steady. The Grade AA butter price at the CME is now trending lower in heavy trading and stood at \$1.0350 on October 23. Cream is available in the region and actively moving, especially under contracts. Ice cream, cream cheese and sour cream orders are improved, in part due to seasonal demand. Cream multiples are mixed at 109 to 128, FOB. Milk production levels are improving slightly in the PACIFIC NORTHWEST with weather conditions remaining favorable for milk cows. Milk volumes are increasing seasonally and recent conditions have helped milk growth. Local supplies are good. Some sources were noting slower fluid milk orders. MOUNTAIN STATES milk output levels are mixed. UTAH milk production is lower this week. Milk volumes are higher in IDAHO and test levels of protein and fat are improving. Processors have room for incoming milk supplies. Hay prices are steady to firm on good quality stocks.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged on a firm market. NDM production remains very light with some plants expecting depleted stocks through December. Milk continues to be diverted into cheese vats and away from the butter/powder mix. However, recent declines in cheese prices at the CME may deter fluid milk movement into cheese and encourage NDM production, especially as the Thanksgiving holiday nears. Some plants are seeking to purchase supplies of NDM previously sold to the CCC. Most movement, for both high and low heat, is occurring on a contractual basis. Some LTL trade is noted with supplies of totes and 50# bags short of buyer interest. Condensed skim demand is good with some plants unable to meet contractual demands from cheese facilities.

EAST: Prices and the market tone are unchanged. Production levels are relatively light and a few plants have not dried any appreciable volumes in several weeks. Most would prefer to move their solids in the liquid form and the continued good demand for condensed skim is allowing them to do that. Eastern producers have little, if any, uncommitted NDM in their warehouses. Spot needs are often filled in the resale market at competitive prices. Some producers have commented that they are looking at buying some of their own powder back from CCC to supplement current output. Demand for dry skim is fair to good.

NOTE: The Kansas City Commodity Office announced the sale of 1,110,065 pounds of NDM for the manufacture of casein/caseinate at prices ranging from \$0.26 to .30 per pound. The contracts were awarded under invitation 004 to announcement RSCS1.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .9325 - .9800 MOSTLY: .9525 - .9575

HIGHHEAT: .9650 - 1.0350

NONFAT DRY MILK - WEST

Western nonfat dry milk prices are holding steady and the market tone is also characterized as steady. Market activity is slightly improved with spot trades limited by lower availability of current production. Output is fair to good seasonally and related to local and surplus milk supplies. There are concerns of NDM and condensed being backed out of cheese production after cheese prices collapsed and settled below support prices at midweek. During the week of October 14-18, CCC purchased 793,656 pounds of low heat and 7,716,155 pounds of medium heat NDM, all from the West. Sellbacks for that week totaled 316,906 pounds, down from nearly 11.0 million pounds the week before. High heat prices are unchanged with a slightly firmer market tone noted. Seasonal buying interest is better than expected recently and more high heat is being made and sold. Stocks are in balance with orders often being made to order. The Kansas City Commodity Office (KCCO) announced on October 23rd that contracts were awarded for the sale of 1,110,065 pounds of NDM in 25 KG bags for the manufacture of casein/caseinate in amounts ranging from \$0.26 to \$0.30 per pound. The contracts were awarded under invitation 004 to announcement RSCS1.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUMHEAT: .8950 - .9575 MOSTLY: .9000 - .9125

HIGHHEAT: .9275 - .9700

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING PRICE TOTAL SALES SALES TO CCC

October 18	\$.9084	11,499,204	517,838
October 11	\$.9067	12,828,356	621,678

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged and nominal on a steady to firm market. Trading activity remains light. Movement of condensed buttermilk into ice cream facilities continues to slow, especial in the North. In the Southern section of the region, ice cream intakes of condensed buttermilk are generally steady. Due to changes in condensed buttermilk movement, some plants are again sending condensed buttermilk into dryers. Interest in dry buttermilk is generally good as supplies are tight in the Central region. Some buyers are looking to the Western market for additional supplies at competitive prices.

F.O.B. CENTRAL: .8150 - .8600

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are unchanged. Eastern prices remain nominal. Production of dry buttermilk in the East remains light. The moderate churning activity is generating a fair amount of buttermilk, but most is clearing as a liquid. Market activity for dry buttermilk is limited. Some down graded powder did clear at prices below the bottom of the range and commensurate with its quality.

F.O.B. NORTHEAST: .7800 - .8350

DELVD SOUTHEAST: .8100 - .8550

DRY BUTTERMILK - WEST

Western dry buttermilk prices are holding mostly steady. The market tone is steady to slightly firmer for some producers. There is additional seasonal demand evident in the marketplace and buyers are not finding necessarily all the buttermilk from preferred sources. There is buttermilk available from some suppliers and in the resale markets. Production levels have been mixed and remain dependant on butter output. Overall, stocks are adequate to short of trade needs.

F.O.B. WEST: .7400 - .7800 MOSTLY: .7500 - .7600

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged and the prices remain nominal. Production levels are moderate to slightly heavier at some plants. The stepped-up output is often to meet improving, seasonal needs. Reports indicate that imported whole milk powder is available at prices below the bottom of the current range. Spot demand remains slow as most producer shipments are to meet contracts.

F.O.B. PRODUCING PLANT: 1.0950 - 1.1900

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2001 THROUGH OCTOBER 18, 2002
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 17,050 MT (37,588,430 LBS)

CHEESE -- 757 MT (1,668,882 LBS)

Allocations for the DEIP year beginning July 1, as announced September 13: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT. However, for "stage one" of this year's program, only 17,050 MT of NDM, 5,274 MT of butterfat, and 757 MT of cheese are available.

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are unchanged to higher on a steady to firm market. Production is generally heavier as a result of greater fluid milk movement into cheese vats. Supplies are mixed. Some plants are beginning to build inventories and are finding sales at the average difficult to clear. At other locations, stocks are generally in balance with offers and trades reported at premium prices. Producers are offering product to brokers with trade activity reported at prices that are generally higher yet also sometimes lower than the average on an FOB basis. Some resellers continue to clear aged stocks for the good interest. Solids content in condensed whey is increasing for the light to fair demand.

F.O.B. CENTRAL: .2425 - .2575 MOSTLY: .2450 - .2500

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices continue to move higher, but some contacts feel that prices are nearing the top of this particular price cycle. Eastern prices remain nominal as few spot sales are being reported at the producer level. Resales are covering a large percentage of spot inquiries, but premiums are often lower than the past few weeks. Eastern producers continue to report being sold out for various periods of time, but spot loads do seem to be "popping up" with a little more regularity. These extra loads are clearing at the market rather than a premium to the market. Overall demand is hand to mouth as spot buyers wait for lower prices. Contacts are clearing most of the current output. Most traders are trying to clear some of their inventory. Cheese and whey output in the East are mostly steady.

F.O.B. NORTHEAST:	EXTRAGRADE	.2425 - .2525
	USPH GRADE A	.2450 - .2625
DELVD SOUTHEAST:		.2700 - .2925

DRY WHEY - WEST

Prices continue to firm for Western whey powder. Shipping is becoming much easier as more trucks, containers, and rail cars become available. Some manufacturers still report being sold out into November. Stocks are not building very rapidly at the producer level. Domestic buyers are taking some additional loads of powder also. Production remains relatively heavy for this time of year. Some contacts are surprised that, beyond shipping delays, there has been limited impact from the port strike on the Western whey market.

NONHYGROSCOPIC: .1725 - .2475 MOSTLY: .1900 - .2000

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to higher. Interest in milk replacer whey is good for the limited supplies. Roller ground production is steady to lower as a result of limited access to condensed whey supplies. Roller ground prices continue to adjust higher with the Extra Grade whey market. Delactose prices are unchanged and production is generally steady. Food orders are increasing for the holidays. Interest from the feed sector is fair with some new buyers taking in supplies at the lower end of the range. Trading on veal markets is weak while early weaned pig prices trend higher.

F.O.B. CENTRAL:	
MILK REPLACER:	.2100 - .2350
ROLLER GROUND:	.2325 - .2625
DELACTOSE (Min. 20% protein):	.3100 - .3375

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are higher on a steady to firm market. Supplies are generally tight for the limited trading interest. Brokers report offering prices trending higher yet not all buyers are readily accepting of the higher prices. Some producers are shorting contractual shipments due to limited supplies. However, at other locations, producer supplies are generally in balance with list prices at the average. Canadian WPC 34% is being offered to US buyers at competitive prices. US production of WPC 34% is steady to slightly higher as some plants opt to make WPC 34% instead of WPC 80%. WPC 80% continues to be a competitive substitute to WPC 34% into feed markets. Available supplies of off grade WPC 80% and 34% are reportedly lower for the good interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .4400 - .5100 MOSTLY: .4600 - .4900

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a steady to firm market. Most contracts for the fourth quarter have been finalized. Some producers were able to increase their contractual orders and now expect tight supplies throughout the remainder of the year. However, at other locations, producer supplies are in balance to slightly long, especially for domestic movement. Some export shipments continue to be delayed at Western ports. Producer concern is expressed over the ongoing dispute with dock workers and the possibility of shipping problems after the cooling off period. Feed interest in lactose is growing as a low cost substitute to permeate and whey. Production is generally steady. Off grade supplies are limited and trading at prices slightly below the lower end of the range.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1500 - .2275 MOSTLY: .1550 - .1750

CASEIN - NATIONAL

Casein markets and prices are generally steady, although the market undertone is unsettled. Stocks of powder are reported to be tighter than desired for this time of the year. Domestic buyers are indicating that final quarter and early 2003 needs are questionable and prices are trending higher. Under invitation 004, the Kansas City Commodity office announced that, 1,110,065 pounds of government owned nonfat dry milk were awarded to two successful bidders for the production of casein/caseinates at a price range of \$0.26 - .30 per pound. Other than sales of powder for field testing, this is the first sale of powder for actual production purposes.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	1.8500 - 2.1000
ACID:	1.6500 - 1.9500

EVAPORATED MILK - NATIONAL

Prices and the market tone are steady. Production levels are mixed, ranging from light to moderate, depending on individual plant milk supply situations. Plant stocks continue to be drawn down along seasonal patterns. Retailers are getting baking displays set up and features are often in effect for Thanksgiving. The market remains highly competitive.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$18.00 - 30.00
Excluding promotional and other sales allowances. Included new price announcements.

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	10/09	10/10	10/11	10/14	10/15	10/16	10/17	10/18	10/21	10/22
CME - (CLASS III) MILK FUTURES -- Dollars per cwt										
OCT 02	10.65 (3155) 47	10.61 (3155) 2	10.65 (3144) 50	10.65 (3142) 3	10.66 (3128) 27	10.66 (3120) 15	10.65 (3119) 1	10.65 (3124) 2	10.65 (3095) 14	10.65 (3095) 0
NOV 02	10.40 (2467) 122	10.30 (2519) 68	10.40 (2515) 23	10.35 (2507) 12	10.36 (2528) 63	10.28 (2535) 57	10.05 (2555) 32	9.95 (2582) 189	9.80 (2592) 69	9.60 (2645) 65
DEC 02	10.31 (1772) 126	10.20 (1831) 156	10.25 (1823) 54	10.15 (1841) 33	10.12 (1844) 33	10.09 (1857) 50	10.00 (1849) 34	9.95 (1879) 69	9.85 (1910) 95	9.75 (1911) 1
JAN 03	10.35 (1184) 53	10.30 (1204) 53	10.30 (1193) 96	10.17 (1197) 44	10.17 (1144) 250	10.22 (1198) 75	10.15 (1213) 59	10.10 (1254) 67	10.14 (1288) 78	10.05 (1296) 11
FEB 03	10.66 (863) 59	10.55 (923) 88	10.54 (908) 66	10.38 (914) 40	10.40 (901) 62	10.38 (927) 28	10.38 (929) 37	10.37 (951) 32	10.41 (981) 48	10.46 (989) 25
MAR 03	11.12 (842) 67	11.01 (869) 67	11.00 (861) 85	10.85 (850) 45	10.80 (856) 15	10.72 (879) 34	10.70 (874) 33	10.70 (892) 37	10.74 (924) 50	10.78 (993) 103
APR 03	11.25 (627) 53	11.15 (655) 43	11.12 (652) 39	11.00 (659) 29	10.93 (661) 2	10.85 (674) 33	10.85 (706) 72	10.80 (722) 32	10.84 (749) 48	10.88 (754) 10
MAY 03	11.50 (540) 51	11.40 (561) 27	11.28 (572) 36	11.22 (582) 16	11.22 (602) 20	11.18 (610) 34	11.18 (649) 81	11.18 (666) 33	11.22 (703) 61	11.25 (709) 9
JUN 03	11.93 (477) 8	11.88 (474) 15	11.81 (497) 66	11.74 (505) 27	11.72 (510) 6	11.65 (537) 34	11.60 (577) 79	11.55 (603) 35	11.59 (628) 48	11.61 (633) 6
JUL 03	12.60 (434) 13	12.60 (433) 9	12.53 (437) 29	12.50 (449) 12	12.46 (460) 17	12.40 (467) 23	12.35 (504) 86	12.30 (500) 43	12.34 (523) 48	12.34 (528) 10
AUG 03	12.70 (349) 15	12.69 (346) 10	12.60 (344) 23	12.55 (358) 20	12.52 (378) 24	12.45 (394) 50	12.45 (411) 66	12.44 (419) 19	12.48 (448) 51	12.49 (451) 21
SEP 03	12.85 (362) 11	12.80 (360) 8	12.74 (360) 51	12.75 (375) 22	12.70 (394) 23	12.59 (408) 51	12.60 (432) 63	12.60 (443) 27	12.65 (468) 49	12.70 (483) 30
OCT 03	12.33 (271) 17	12.33 (284) 21	12.30 (293) 21	12.30 (310) 30	12.30 (332) 33	12.25 (364) 36	12.25 (378) 72	12.23 (392) 21	12.27 (404) 28	12.27 (410) 8
NOV 03	12.10 (260) 3	12.09 (260) 10	12.05 (255) 15	12.05 (267) 13	12.04 (280) 20	11.95 (286) 10	11.93 (306) 68	11.90 (332) 26	12.00 (347) 30	12.00 (352) 14
DEC 03	11.90 (196) 0	11.83 (198) 2	11.70 (204) 6	11.65 (210) 8	11.65 (229) 23	11.53 (241) 13	11.51 (249) 40	11.51 (263) 16	11.55 (273) 12	11.55 (276) 3
JAN 04	11.75 (2) 0	11.70 (2) 0	11.68 (2) 0	11.65 (2) 0	11.65 (2) 0	11.50 (2) 0	11.50 (2) 0	11.48 (2) 0	11.48 (2) 0	11.48 (2) 0
FEB 04	11.70 (2) 0	11.65 (2) 0	11.63 (2) 0	11.63 (2) 0	11.57 (2) 0	11.57 (2) 0	11.57 (2) 0	11.55 (2) 0	11.55 (2) 0	11.55 (2) 0
CME - CLASS IV MILK FUTURES - Dollars per cwt.										
OCT 02	10.30 (368) 0	10.30 (368) 0	10.30 (368) 0	10.30 (368) 0	10.30 (368) 0	10.30 (368) 0	10.30 (368) 0	10.30 (368) 0	10.30 (368) 0	10.30 (368) 0
NOV 02	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0	10.50 (268) 0
DEC 02	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0	10.55 (138) 0
JAN 03	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0	10.55 (51) 0
FEB 03	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0	10.70 (38) 0
MAR 03	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0	10.95 (20) 0
APR 03	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0	11.15 (12) 0
MAY 03	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0	11.22 (5) 0
JUN 03	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0	11.25 (5) 0
JUL 03	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0
CME - BUTTER FUTURES -- Cents per pound										
OCT 02	101.00 (69) 0	101.00 (66) 0	103.00 (66) 0	104.00 (66) 0	104.02 (66) 0	104.02 (66) 0	104.02 (63) 0	104.02 (80) 17	104.00 (97) 21	103.50 (77) 0
DEC 02	103.50 (221) 2	104.00 (221) 0	104.00 (220) 7	108.00 (218) 3	108.00 (217) 0	107.75 (220) 4	107.75 (226) 6	106.50 (227) 12	105.25 (227) 5	104.25 (231) 4
MAR 03	115.50 (160) 0	115.50 (160) 0	115.50 (160) 0	116.00 (160) 0	116.00 (160) 0	116.00 (160) 0	116.00 (160) 0	116.00 (166) 6	116.50 (181) 15	116.50 (199) 18
MAY 03	118.50 (115) 0	118.50 (115) 0	118.50 (115) 0	118.50 (115) 0	118.50 (115) 0	118.50 (115) 0	118.50 (115) 0	118.50 (115) 0	119.50 (115) 0	119.50 (115) 0
JUL 03	122.50 (34) 0	122.50 (34) 0	122.50 (34) 0	122.50 (34) 0	122.50 (34) 0	122.50 (34) 0	122.50 (34) 0	122.50 (34) 0	123.00 (34) 0	123.00 (34) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered October 14 - 25, 2002

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

OVERVIEW: WESTERN EUROPE: Milk production is trending lower seasonally. The current selection of products being produced is being geared toward anticipated holiday needs. Certain cheese varieties are still being emphasized in some countries over powder production at this time. Some international buyers are making purchases from the EU, since some products are more readily available than from other regular world suppliers. While prices have stabilized from increases in recent weeks, currency fluctuations are still affecting reported prices. Although international interest seems good, buyers are still reluctant to make new deals at current price levels. Sluggish economic growth in some countries within the EU also has consumers slowing purchases. Within the EU, milk producers in some countries such as France and Great Britain are well over quota and may need to cut back production while others like Germany and the Netherlands have the opposite problem. Internal cheese demand has improved and the stockpiles from earlier in the year have declined. Butter intervention has closed in the major markets though butter demand is down internally. However, butter and cheese demand is expected to increase for the holiday season.

BUTTER/BUTTEROIL: The market is steady. International buyers seem reluctant to make sizeable purchases at current prices despite the rapidly approaching Ramadan and yearend holiday season. Butter demand within the EU is also lighter. Some milk is being shifted from butter/skim milk over to cheese production to make product for anticipated holiday needs. Inventories are available if demand improves.

82% BUTTERFAT:	1,250 - 1,300
99% BUTTERFAT:	1,250 - 1,400

SKIM MILK POWDER (SMP): The skim milk market is steady and prices are higher. Prices have seemingly stabilized during the past couple of weeks, except for the usual fluctuations in currency values. Some international interest is noted but buyers are reluctant to make purchases at current prices. With international supplies tight, buyers need to consider Europe to source near term needs. Some producers have shifted production away from skim milk until the yearend holiday season.

1.25% BUTTERFAT:	1,200 - 1,250
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WHOLE MILK POWDER (WMP): The whole milk market is steady at higher prices. The recent increase in prices has stabilized around current levels. The recent reduction in the export subsidy also seems to have impacted demand. International customers are reluctant to make purchases at current prices. Some production has been shifted over to cheese to make holiday items with the lower seasonal milk supply.

26% BUTTERFAT:	1,400 - 1,475
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SWEET WHEY POWDER: The whey market is fully steady. Seasonal declines in milk intakes have reduced offerings. Supplies may increase slightly as additional milk volumes are diverted to cheese production to produce holiday items.

NONHYGROSCOPIC:	375 - 475
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OVERVIEW: EASTERN EUROPE: Milk production is declining seasonally. Milk production ran below year ago levels through much of the year. Lower production, combined with good early sales, has helped to keep manufactured product inventories in at lower levels.

OCEANIA

OVERVIEW: Milk intakes are at or perhaps just past the annual peak in Oceania. Recent cool, less conducive weather for milk production in New Zealand may have been enough to cause an early or less pronounced peak in milk receipts. Current estimates for New Zealand milk receipts for this season have been revised slightly lower from recent forecasts to only an increase of .5 – 1% above the previous season. Production of whole milk and skim powder are active, generally at the expense of cheese and casein. Some inventory is being built seasonally to help with expected demand later in the season. Dry weather persists in Australia with brush fires occurring in some areas, not all necessarily started by nature. This is a very early start to bush fire season. Milk production estimates are for Australia to be 1 – 2% below last years' record season but still above the season 2 years ago. Low producer milk prices are also providing producers with little incentive to add concentrates or other feedstuffs to push milk production. With milk production expected to decline further in upcoming months due to weather problems and higher feed prices, dairy product prices could firm. Production of powder is also being emphasized in Australia with some milk pulled from cheese production over to the powders.

BUTTER: The butter market is fully steady. Seasonally active butter churning is associated with increased skim powder production. Shipments are occurring to finish Ramadan needs and for projected yearend holiday season orders. Some inventory is also being built for anticipated late season business.

82% BUTTERFAT:	1,050 - 1,100
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CHEDDAR CHEESE: The cheese market is steady to slightly firmer. Supplies of last season's inventory have been cleared. Due to better current international interest in powders, cheese production has been reduced so far this season. Prices are steady to occasionally higher. Current supplies are adequate to meet the generally light international interest.

39% MAXIMUM MOISTURE:	1,500 - 1,650
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SKIM MILK POWDER (SMP): The skim milk market is steady to firm. Production is seasonally active with some extra milk shifted away from cheese production. International interest has improved and with some tightness from other supply sources, prices have moved higher from lows recorded earlier this year. Some demand is being filled from the EU where supplies are more readily available.

1.25% BUTTERFAT:	1,350 - 1,400
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WHOLE MILK POWDER (WMP): Whole milk prices are higher and the current market is firm. International prices have been aided by the recent reduction in the EU export subsidy on whole milk. Current drying schedules remain seasonally active as some extra volumes of milk have been directed toward whole milk powder, often at the expense of cheese production.

26% BUTTERFAT:	1,400 - 1,450
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Exchange rates for selected foreign currencies: October 21, 2002

.6396 Canadian Dollar	.0207 Indian Rupee
.2766 Argentina Peso	.4843 New Zealand Dollar
.1006 Mexican Peso	.5547 Australian Dollar
.2418 Polish Zloty	.0080 Japanese Yen
	.9745 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.1006) = 9.9404$. That is 1 US Dollar equals 9.9404 Mexican Pesos.

Source: *Wall Street Journal*

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

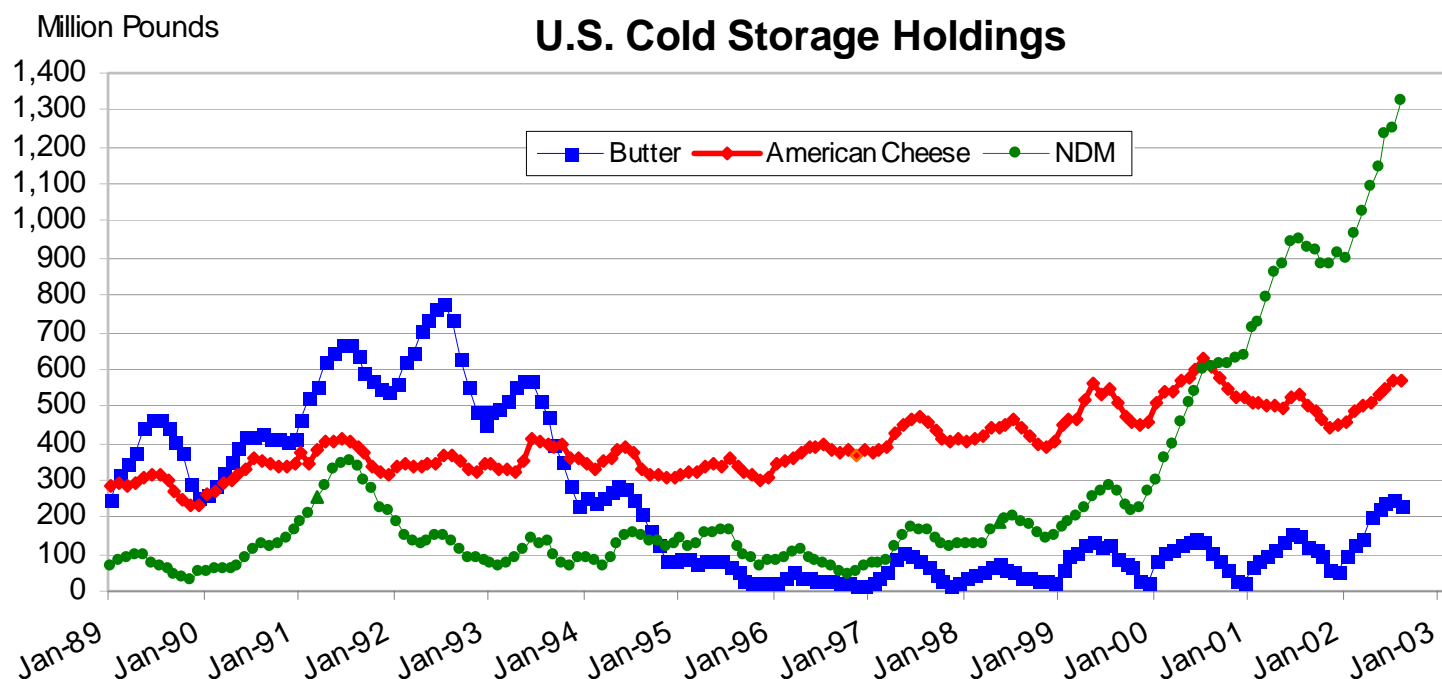
NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	AUG 31, 2000	AUG 31, 2001	REVISED AUG 31, 2002	SEP 30, 2000	SEP 30, 2001	SEP 30, 2002
Butter	101,328	118,049	229,469	84,991	110,857	211,402
Cheese, Natural American	609,658	499,044	563,844	577,073	487,559	514,651
Cheese, Swiss	13,443	10,668	14,134	15,727	10,439	16,104
Cheese, Other Natural	216,797	211,469	218,883	188,146	210,732	231,590
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	388	1,065	2,449	375	331	1,873
Natural American Cheese	402	1,575	420	607	1,229	887

SEPTEMBER COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2000	2001	2002	2000	2001	2002	2000	2001	2002
New England	20,875	22,809	18,792	---	---	---	900	430	452
Middle Atlantic	53,362	58,452	65,437	---	---	---	9,439	34,196	38,569
East North Central	284,303	204,137	205,496	---	---	---	80,349	98,948	112,475
West North Central	111,210	97,098	121,088	---	---	---	75,607	60,327	64,696
South Atlantic	5,342	4,832	180	---	---	---	679	130	1,993
East South Central	0	0	441	---	---	---	170	164	185
West South Central	492	2,582	2,334	---	---	---	598	96	346
Mountain	11,282	11,484	8,748	---	---	---	6,248	5,694	1,287
Pacific	90,207	86,165	92,135	---	---	---	14,156	10,747	11,587
TOTAL	577,073	487,559	514,651	84,991	110,857	211,402	188,146	210,732	231,590

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



Graph by DMN, Source: USDA, NASS

COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2001 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/</u> <u>2/</u>		Commercial		Government <u>2/</u>	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	Million Pounds						Million Pounds						Million Pounds					
January	100	68	100	68	<u>3/</u>	<u>3/</u>	454	507	453	505	1	2	900	708	120	145	780	563
February	131	86	129	86	1	<u>3/</u>	485	506	484	504	1	2	966	726	142	138	823	589
March	146	96	144	95	1	1	498	500	497	498	1	2	1,028	791	158	123	871	668
April	199	112	197	112	2	1	508	503	508	501	1	2	1,093	858	161	127	933	731
May	227	138	225	137	2	1	531	497	531	496	1	2	1,146	882	166	134	981	747
June	243	153	241	153	2	1	546	522	545	520	1	2	1,235	945	174	166	1,062	779
July	245	151	243	150	2	1	571	528	571	526	1	2	1,254	950	138	147	1,116	803
August	229	118	227	117	2	1	564	499	563	497	<u>3/</u>	2	1,324	930	107	109	1,218	821
September	211	111	210	111	2	<u>3/</u>	515	488	514	486	1	1		918		103		815
October		101		100		<u>3/</u>		463		462		1		885		100		785
November		58		58		<u>3/</u>		438		438		<u>3/</u>		882		113		769
December		56		55		<u>3/</u>		449		448		1		912		136		776

1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Aug 31, 2000	Aug 31, 2001	Aug 31, 2002	Sep 30, 2000	Sep 30, 2001	Sep 30, 2002
	Thousand Pounds					
Butter	100,940	116,984	227,020	84,616	110,526	209,529
Natural American Cheese	609,256	497,469	563,424	576,466	486,330	513,764

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

SOURCE: "Cold Storage," Co St 1 (10-02) and "Dairy Products," Da 2-6 (10-02), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

FEDERAL MILK ORDER ADVANCE PRICES, NOVEMBER

Class I Base Price: Under the Federal milk order pricing system, the Class I base price for November 2002 is \$10.60 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$7.20 and the advanced butterfat pricing factor of \$1.0423. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Class II Price Information:** The advanced Class IV skim milk pricing factor is \$6.98. Thus, the Class II skim milk price for November is \$7.68 per cwt., and the Class II nonfat solids price is \$0.8533. **Product Price Averages:** The two-week product price averages for November are, butter \$0.9697, nonfat dry milk \$0.9159, cheese \$1.1921, and dry whey \$0.2081.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/} ^{2/}				
Federal Milk Order Marketing Area ^{3/}	Order Number	November 2002		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) ^{4/}	001	19.01	12.85	1.8881
Appalachian (Charlotte) ^{5/}	005	18.86	12.70	1.8866
Southeast (Atlanta) ^{6/}	007	18.86	12.70	1.8866
Florida (Tampa) ^{7/}	006	19.76	13.60	1.8956
Midwest (Cleveland) ^{8/}	033	17.76	11.60	1.8756
Upper Midwest (Chicago) ^{9/}	030	17.56	11.40	1.8736
Central (Kansas City) ^{10/}	032	17.76	11.60	1.8756
Southwest (Dallas) ^{11/}	126	18.76	12.60	1.8856
Arizona-Las Vegas (Phoenix) ^{12/}	131	18.11	11.95	1.8791
Western (Salt Lake City) ^{13/}	135	17.66	11.50	1.8746
Pacific Northwest (Seattle) ^{14/}	124	17.66	11.50	1.8746
All-Market Average		18.34	12.18	1.8814

^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. ^{2/} Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. ^{3/} Names in parentheses are the major city in the principal pricing point of the markets. ^{4/} Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25. ^{5/} Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. ^{6/} Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90. ^{7/} Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. ^{8/} Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. ^{9/} Class I prices at other cities are: Milwaukee, minus 0.05; and Minneapolis, minus, \$0.10. ^{10/} Class I prices at other cities are: Des Moines, minus 0.20; Omaha, minus 0.15; Oklahoma City, plus 0.60; St. Louis, same; and Denver plus \$0.55. ^{11/} Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. ^{12/} Class I price at Las Vegas is minus \$0.35. ^{13/} Class I price at Boise is minus \$0.30. ^{14/} Class I prices at other cities are: Portland, same; and Spokane, same.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
JULY 2002	176.0	1.4	167.6	-0.4	161.0	-4.3	169.8	0.7	154.2	-17.2	162.3	0
AUG 2002	176.0	1.2	167.2	-1.0	159.6	-4.8	169.8	0.2	146.5	-21.0	162.2	-0.1
SEP 2002	176.4	1.3	166.3	-1.8	160.4	-4.0	168.4	-1.9	149.7	-20.3	161.8	-0.4
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Lowfat Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	Dollars											
JULY	2.747	2.933	NA	2.697	3.095	3.549	3.783	3.928	4.292	4.064	3.883	3.720
AUGUST	2.720	2.890	NA	2.691	2.938	3.616	3.895	3.918	4.345	4.100	3.783	3.841
SEPTEMBER	2.728	2.941	NA	2.653	3.101	3.697	3.841	3.984	4.381	4.143	3.896	3.815

NA Data not adequate for publication.

^{1/} "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ^{2/} The standard reference base period for these indexes is 1982-1984 = 100. ^{3/} Percent change over previous year. ^{4/} Per gallon. ^{5/} Per pound. Grade AA, salted, stick butter. ^{6/} Per pound, any size and type of package. ^{7/} Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). ^{8/} Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—JUNE-AUGUST AND YEAR-TO-DATE 2001-02 ^{1/}

Item	Jun.-Aug. 2001	Percent change ^{2/}	Jun.-Aug. 2002	Percent change ^{2/}	Jan.-Aug. 2001	Percent change ^{2/}	Jan.-Aug. 2002	Percent change ^{2/}
	Million Pounds							
MILK								
Production	41,398	-1.2	42,659	3.0	111,394	-1.6	114,589	2.9
Marketings	41,080	-1.1	42,350	3.1	110,553	-1.6	113,774	2.9
Beginning Commercial Stocks ^{3/}	9,346	-9.8	11,837	26.7	6,839	11.3	7,041	3.0
Imports ^{3/}	1,929	45.0	1,381	-28.4	3,966	29.9	3,376	-14.9
Total Supply ^{4/}	52,355	-1.7	55,568	6.1	121,358	-0.2	124,191	2.3
Ending Commercial Stocks ^{3/}	9,001	-8.1	12,112	34.6	9,001	-8.1	12,112	34.6
Net Removals ^{3/}	35	-80.4	107	205.7	124	-80.5	223	79.8
Commercial Disappearance ^{4/}	43,319	0.1	43,349	0.1	112,233	1.0	111,856	-0.3
SELECTED PRODUCTS ^{5/}								
Butter	307.7	1.2	285.8	-7.1	787.7	-0.6	785.5	-0.3
American Cheese	894.6	-0.7	918.0	2.6	2,410.3	2.3	2,417.1	0.3
Other Cheese	1,227.5	-1.0	1,240.6	1.1	3,248.1	1.6	3,273.3	0.8
Nonfat Dry Milk	282.8	14.2	235.9	-16.6	638.3	26.3	472.3	-26.0
Fluid Milk Products ^{6/}	13,326.4	-0.5	13,324.2	0.0	36,377.4	-0.2	36,427.1	0.1

^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} From year earlier on a daily average basis. ^{3/} Milk-equivalent, milkfat basis. ^{4/} Totals may not add because of rounding. ^{5/} Commercial disappearance in product pounds.

^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, NOVEMBER 2002, WITH COMPARISONS ^{1/}												
CITY	NOV 2000			NOV 2001			OCT 2002			NOV 2002		
	Coop.	Federal Order	Difference	Coop.	Federal Order	Difference	Coop.	Federal Order	Difference	Coop.	Federal Order	Difference
	Dollars Per Hundredweight											
Atlanta, GA	16.25	14.92	1.33	19.64	18.86	0.78	15.37	13.25	2.12	15.67	13.70	1.97
Baltimore, MD	16.37	14.82	1.55	20.51	18.76	1.75	14.90	13.15	1.75	15.35	13.60	1.75
Boston, MA	15.55	15.07	0.48	20.61	19.01	1.60	14.80	13.40	1.40	15.25	13.85	1.40
Carbondale, IL	15.73	14.02	1.71	19.67	17.96	1.71	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>
Charlotte, NC	16.25	14.92	1.33	19.64	18.86	0.78	15.18	13.25	1.93	15.63	13.70	1.93
Chicago, IL	15.44	13.62	1.82	19.56	17.56	2.00	14.04	11.95	2.09	14.49	12.40	2.09
Cincinnati, OH	15.90	14.02	1.88	19.73	17.96	1.77	13.91	12.35	1.56	14.36	12.80	1.56
Cleveland, OH	15.70	13.82	1.88	19.53	17.76	1.77	13.71	12.15	1.56	14.16	12.60	1.56
Dallas, TX	15.62	14.82	0.80	18.88	18.76	0.12	14.45	13.15	1.30	14.90	13.60	1.30
Denver, CO	15.07	14.37	0.70	19.01	18.31	0.70	13.55	12.70	0.85	14.00	13.15	0.85
Des Moines, IA	14.68	13.62	1.06	18.77	17.56	1.21	13.33	11.95	1.38	13.79	12.40	1.39
Detroit, MI	14.87	13.62	1.25	18.56	17.56	1.00	13.20	11.95	1.25	13.50	12.40	1.10
Hartford, CT	15.45	14.97	0.48	20.51	18.91	1.60	14.70	13.30	1.40	15.15	13.75	1.40
Houston, TX	16.22	15.42	0.80	19.48	19.36	0.12	15.05	13.75	1.30	15.50	14.20	1.30
Indianapolis, IN	15.70	13.82	1.88	19.53	17.76	1.77	13.71	12.15	1.56	14.16	12.60	1.56
Kansas City, MO	15.03	13.82	1.21	18.72	17.76	0.96	13.92	12.15	1.77	14.38	12.60	1.78
Louisville, KY	15.17	14.02	1.15	18.96	17.96	1.00	13.45	12.35	1.10	13.90	12.80	1.10
Memphis, TN	15.55	14.62	0.93	19.14	18.56	0.58	14.90	12.95	1.95	15.20	13.40	1.80
Miami, FL	18.76	16.12	2.64	22.15	20.06	2.09	17.69	14.45	3.24	18.04	14.90	3.14
Milwaukee, WI	15.39	13.57	1.82	19.66	17.51	2.15	14.14	11.90	2.24	14.59	12.35	2.24
Minneapolis, MN	14.60	13.52	1.08	19.02	17.46	1.56	13.49	11.85	1.64	13.94	12.30	1.64
New Orleans, LA	16.40	15.42	0.98	19.79	19.36	0.43	15.52	13.75	1.77	15.82	14.20	1.62
Oklahoma City, OK	15.47	14.42	1.05	19.16	18.36	0.80	14.40	12.75	1.65	14.85	13.20	1.65
Omaha, NE	14.73	13.67	1.06	18.82	17.61	1.21	13.38	12.00	1.38	13.84	12.45	1.39
Philadelphia, PA	16.54	14.87	1.67	20.68	18.81	1.87	15.07	13.20	1.87	15.52	13.65	1.87
Phoenix, AZ	14.32	14.17	0.15	18.26	18.11	0.15	12.65	12.50	0.15	13.10	12.95	0.15
Pittsburgh, PA	15.92	13.92	2.00	20.06	17.86	2.20	14.20	12.25	1.95	14.65	12.70	1.95
St. Louis, MO	15.53	13.82	1.71	19.47	17.76	1.71	13.40	12.15	1.25	13.85	12.60	1.25
Salt Lake City, UT	13.97	13.72	0.25	17.96	17.66	0.30	12.35	12.05	0.30	12.80	12.50	0.30
Seattle, WA	14.20	13.72	0.48	18.08	17.66	0.42	12.47	12.05	0.42	12.92	12.50	0.42
Spokane, WA	14.20	13.72	0.48	18.08	17.66	0.42	12.47	12.05	0.42	12.92	12.50	0.42
Springfield, MO	15.07	14.02	1.05	18.76	17.96	0.80	14.00	12.35	1.65	14.45	12.80	1.65
Washington, DC	16.37	14.82	1.55	20.51	18.76	1.75	14.90	13.15	1.75	15.35	13.60	1.75
Simple Average	15.52	14.30	1.22	19.42	18.24	1.18	14.13	12.64	1.49	14.56	13.09	1.47

^{1/} Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers. ^{2/} The price series for this city has been discontinued.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF OCTOBER 21 - 25, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/02	SAME PERIOD LAST YEAR	WEEK ENDING 10/18/02	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	118,800	-0-	118,800	118,800	-0-	-0-	-0-
TOTAL	118,800	-0-	118,800	118,800	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	974,280	-0-	974,280	21,460,282	4,680,085	1,099,004,000	605,122,000
Fortified	-0-	-0-	-0-	-0-	-0-	46,391,000	38,227,000
TOTAL	974,280	-0-	974,280	21,460,282	4,680,085	1,145,395,000	643,349,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF OCTOBER 21 - 25, 2002 =	1.3	12.5	COMPARABLE PERIOD IN 2001 =	0.0	1.0
CUMULATIVE SINCE OCTOBER 1, 2002 =	5.8	251.0	CUMULATIVE SAME PERIOD LAST YEAR =	1.0	54.5
CUMULATIVE JANUARY 1 - OCTOBER 25, 2002 =	200.5	7,030.6	COMPARABLE CALENDAR YEAR 2001 =	74.5	3,324.7

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF OCTOBER 21 - 25, 2002 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	118,800	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	974,280	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02
MIDWEST	-0-	-0-	118,800	-0-	-0-	-0-	18.8	-0-
WEST	-0-	-0-	-0-	-0-	21,460,282	4,680,085	81.2	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	118,800	-0-	21,460,282	4,680,085	100.0	100.0

SELLBACK TO THE TRADE	CENTRAL/EAST	WEST	TOTAL	CUMULATIVE SINCE 10/1/02
OCTOBER 14 - 18	-0-	316,906	316,906	11,316,057

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$.8548 per pound; 1# Prints \$.8848
CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239
NONFAT DRY MILK Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 10/05/02 & Comparable Week 2001											
Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL
											WEEK SINCE JAN 1
2002-Dairy	0.2	0.8	6.9	5.0	19.7	2.5	0.6	0.9	13.5	2.4	52.5
2001-Dairy	0.2	0.8	5.9	5.0	18.2	2.9	0.5	0.9	12.3	2.6	49.3
2002-All cows	0.2	1.0	9.5	12.3	31.1	16.8	15.7	3.5	16.1	8.4	114.6
2001-All cows	0.2	0.9	8.1	14.8	27.7	17.7	15.1	4.8	15.5	6.9	111.7
											4,225.0
											4,271.2

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000-2001) AND BFP (1999) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80

FEDERAL MILK ORDER CLASS PRICES FOR 2002 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.96	11.95	11.62	11.47	11.26	11.03	10.62	10.48	10.46	10.15	10.60	
II	12.69	12.28	12.19	11.88	11.29	11.19	11.14	11.07	10.91			
III	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92			
IV	11.93	11.54	11.42	11.09	10.57	10.52	10.45	10.41	10.22			

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm02/mib/cls_prod_cmp_pr.htm